

106TH CONGRESS  
2D SESSION

# S. 3263

To designate a portion of the federal budget surplus to create and fund the Children’s Classroom Trust Fund to increase direct education funding and expand local control of education.

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## IN THE SENATE OF THE UNITED STATES

OCTOBER 30 (legislative day, SEPTEMBER 22), 2000

Mr. LOTT (for Mr. ASHCROFT) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

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## A BILL

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Children’s Classroom  
5       Trust Fund Act.”

6       **SEC. 2. PURPOSE.**

7       The purposes of this title are—

8               (1) to dedicate a substantial portion of the on-  
9       budget surplus to enhancing the education system in  
10      the nation;

1           (2) to promote excellence in elementary and sec-  
2           ondary education programs in the Nation;

3           (3) to increase parental involvement in the edu-  
4           cation of their children;

5           (4) to boost student achievement in academic  
6           subjects to high levels;

7           (5) to improve basic skills instruction, and to  
8           increase teacher performance and accountability;

9           (6) to return the responsibility and control for  
10          education to parents, teachers, schools, and local  
11          communities;

12          (7) to increase direct education funding to local  
13          schools; and

14          (8) to give States and communities maximum  
15          freedom in determining how to boost academic  
16          achievement and implement education reforms.

17 **SEC. 3. DEFINITIONS.**

18       In this title:

19       (a) **LOCAL EDUCATIONAL AGENCY.**—The term “local  
20       educational agency” has the meaning given the term in  
21       section 14101 of the Elementary and Secondary Edu-  
22       cation Act of 1965 (20 U.S.C. 8801).

23       (b) **SECRETARY.**—The term “Secretary” means the  
24       Secretary of Education.

1       (c) ON-BUDGET SURPLUS.—For purposes of this sec-  
 2 tion, the on-budget, non-Medicare part A surplus for that  
 3 fiscal year, shall be determined by combining the on-budg-  
 4 et surplus and the Medicare part A surplus as set forth  
 5 in the “Budget and Economic Outlook” as reported by  
 6 the Congressional Budget Office in January of the year  
 7 preceding the concurrent resolution on the budget pursu-  
 8 ant to section 301(a)(3) for that fiscal year.

9   **SEC. 4. ESTABLISHMENT OF TRUST FUND.**

10       (a) IN GENERAL.—There is established in the Treas-  
 11 ury of the United States a fund to be known as the Chil-  
 12 dren’s Classroom Trust Fund (in this title referred to as  
 13 the “Trust Fund”), consisting of such amounts as pro-  
 14 vided for in subsection (b). Amounts in the accounts of  
 15 the Trust Fund shall remain available until expended for  
 16 the purposes established by this Act.

17       (b) TRANSFER TO FUND OF AMOUNTS SPECIFIED.—  
 18 At the beginning of each Fiscal Year, the Secretary of the  
 19 Treasury shall transfer to the Children’s Classroom Trust  
 20 Fund, for each fiscal year 2001 through 2010, the amount  
 21 equivalent to eleven percent of the on-budget, non-Medi-  
 22 care part A surplus for that fiscal year. In the case of  
 23 a fiscal year in which there is no on-budget surplus, exclu-  
 24 sive of Medicare Part A surpluses, there shall be no trans-  
 25 fers to the Trust Fund under this section.

1       (c) EXPENDITURES FROM TRUST FUND.—Amounts  
2 in the accounts of the Trust Fund are available to the  
3 Secretary for making payments under section 5.

4       (d) POINT OF ORDER.—

5           (1) It shall not be in order in the House of  
6 Representatives or the Senate to consider any bill,  
7 joint resolution, amendment, motion, or conference  
8 report if—

9               (A) the enactment of that bill or resolution  
10 as reported;

11              (B) the adoption and enactment of that  
12 amendment; or

13              (C) the enactment of that bill or resolution  
14 in the form recommended in that conference re-  
15 port, would reduce the amount of the Children's  
16 Classroom Trust Fund for any purposes other  
17 than those established in Section 5 of this legis-  
18 lation.

19       (2) WAIVER.—Subsection (d)(1) of this section  
20 may be waived or suspended in the Senate only by  
21 the affirmative vote of three-fifths of the Members,  
22 duly chosen and sworn.

1 **SEC. 5. DIRECT AWARDS TO LOCAL EDUCATIONAL AGEN-**  
2 **CIES.**

3 (a) DIRECT AWARDS.—The Secretary shall make di-  
4 rect awards to local educational agencies from the Chil-  
5 dren’s Classroom Trust Fund in amounts determined  
6 under subsection (b) to enable the local educational agen-  
7 cies to support programs or activities, for kindergarten  
8 through grade 12 students, that the local educational  
9 agencies deem appropriate.

10 (b) DETERMINATION OF AWARDS AMOUNT.—

11 (1) PER CHILD AMOUNT.—The Secretary, using  
12 the information provided under subsection (c), shall  
13 determine a per child amount for a year by dividing  
14 the total amount appropriated under section 5 for  
15 the year, by the average daily attendance of kinder-  
16 garten through grade 12 students in all States for  
17 the preceding year.

18 (2) LOCAL EDUCATIONAL AGENCY AWARD.—  
19 The Secretary, using the information provided under  
20 subsection (c), shall determine the amount to be pro-  
21 vided to each local educational agency under this  
22 section for a year by multiplying—

23 (A) the per child amount determined under  
24 paragraph (1) for the year; by

25 (B) the average daily attendance of kinder-  
26 garten through grade 12 students that are

1 served by the local educational agency for the  
2 preceding year.

3 (c) CENSUS DETERMINATION.—

4 (1) IN GENERAL.—Not later than December 1  
5 of each year, each local educational agency shall con-  
6 duct a census to determine the average daily attend-  
7 ance of kindergarten through grade 12 students  
8 served by the local educational agency.

9 (2) SUBMISSION.—Not later than March 1 of  
10 each year, each local educational agency shall submit  
11 the number described in paragraph (1) to the Sec-  
12 retary.

13 (3) PENALTY.—If the Secretary determines  
14 that a local educational agency has knowingly sub-  
15 mitted false information under paragraph (1) for the  
16 purpose of gaining additional funds under this sec-  
17 tion, then the local educational agency shall be fined  
18 an amount equal to twice the difference between the  
19 amount the local educational agency received under  
20 this section, and the correct amount the local edu-  
21 cational agency would have received under this sec-  
22 tion if the agency had submitted accurate informa-  
23 tion under paragraph (1).

1 (d) DISBURSAL.—The Secretary shall disburse the  
 2 amount awarded to a local educational agency under this  
 3 title for a fiscal year not later than July 1 of each year.

4 **SEC. 6. REQUIREMENTS FOR FAILING LOCAL EDU-**  
 5 **CATIONAL AGENCIES.**

6 (a) IN GENERAL.—In the case of a failing local edu-  
 7 cational agency receiving funds under section 4 for a fiscal  
 8 year, such failing local educational agency shall use such  
 9 award only for purposes directly related to improving ele-  
 10 mentary school and secondary school students' academic  
 11 performance consistent with subsection (d).

12 (b) TITLE I FUNDING.—

13 (1) IN GENERAL.—Notwithstanding any other  
 14 provision of law, funds provided to a failing local  
 15 educational agency under title I of the Elementary  
 16 and Secondary Education Act of 1965 (20 U.S.C.  
 17 6301 et seq.) shall be spent in accordance with this  
 18 section.

19 (2) APPLICABILITY PROVISION.—The provisions  
 20 of parts A, B, C, and D of title I of the Elementary  
 21 and Secondary Education Act of 1965 shall not  
 22 apply to a failing local educational agency other than  
 23 the allocation and allotment provisions under part A  
 24 of such title.

25 (c) FAILING LOCAL AGENCY PLAN.—

1           (1) PLAN REQUIRED.—Each failing local edu-  
2           cational agency shall submit a plan to the Secretary  
3           at such time and in such manner as the Secretary  
4           may require. A plan submitted under this  
5           subsection—

6                   (A) shall describe the activities to be fund-  
7                   ed by the failing local educational agency under  
8                   subsections (a) and (b) consistent with sub-  
9                   section (d); and

10                   (B) may request an exemption from the  
11                   uses of funds restrictions under subsection (d)  
12                   for elementary schools and secondary schools  
13                   served by the failing local educational agency  
14                   that met the State’s performance-based accredi-  
15                   tation or categorization standards for the pre-  
16                   vious fiscal year.

17           (2) PLAN APPROVAL.—The Secretary shall ap-  
18           prove a plan submitted under paragraph (1) if the  
19           plan meets the requirements described in paragraph  
20           (1).

21           (3) PLAN DISSEMINATION.—Each failing local  
22           educational agency having a plan approved under  
23           paragraph (2) shall widely disseminate such plan,  
24           throughout the area served by such agency, and post  
25           the plan publicly, including on the Internet.



1 (d) USES OF FUNDS.—Each failing local educational  
2 agency having a plan approved under subsection (c)(2) for  
3 a fiscal year may use the award provided under section  
4 103(a) and funds provided under title I of the Elementary  
5 and Secondary Education Act of 1965 (2) U.S.C. 6301  
6 et seq.) for such fiscal year only for the following activi-  
7 ties:

8 (1) To recruit, retain, and reward high-quality  
9 teachers.

10 (2) To focus on teaching basic educational  
11 skills.

12 (3) To provide remedial instruction in core aca-  
13 demic subjects that are assessed by standards set by  
14 the State educational agency or local educational  
15 agency.

16 (4) To fund mentoring programs for elementary  
17 school and secondary school students who need as-  
18 sistance in reading, writing, or arithmetic.

19 (5) To use proven methods of instruction, such  
20 as phonics, that are based upon reliable research.

21 (6) To provide for extended day learning.

22 (7) To ensure that parents of elementary school  
23 and secondary school students realize that parents  
24 play a significant role in their child's educational

1 success, and to encourage parents to become active  
2 in their child's education; and

3 (8) To provide any other activity that a local  
4 educational agency proposes, and the Secretary ap-  
5 proves, as an activity that relates directly to improv-  
6 ing students' academic performance.

7 (e) ANNUAL REPORT.—

8 (1) REPORT.—A failing local educational agen-  
9 cy shall annually submit a report to the Secretary  
10 describing—

11 (A) the use of funds under this section;  
12 and

13 (B) the annual performance of all children  
14 served by the failing local educational agency as  
15 measured by its State's performance-based ac-  
16 creditation or categorization standards.

17 (2) PRIVACY.—The report required under this  
18 section shall not contain any information, such as  
19 names, addresses, or grades, that might be used to  
20 identify the children whose performance is described  
21 in the report.

22 (3) DISSEMINATION.—A failing local edu-  
23 cational agency shall widely disseminate the report  
24 submitted under paragraph (1) throughout the area  
25 served by such agency, and post the report publicly,

1 including on the Internet, so that parents and others  
2 in the community can account for Federal education  
3 funding under this title.

4 (f) MEETING STANDARDS.—

5 (1) IN GENERAL.—If, for 2 consecutive fiscal  
6 years after a failing local educational agency is re-  
7 quired to use funds in accordance with subsection  
8 (d), such local educational agency succeeds in meet-  
9 ing its State's performance-based accreditation or  
10 categorization standards, then the provisions of this  
11 section shall cease to apply to such local educational  
12 agency.

13 (2) BONUS AWARDS.—

14 (A) IN GENERAL.—A local educational  
15 agency described in paragraph (1) may receive  
16 a bonus award from amounts appropriated  
17 under subparagraph (C), to use for purposes  
18 such as rewarding elementary school and sec-  
19 ondary school teachers and principals who im-  
20 proved student performance, and for profes-  
21 sional development opportunities for such teach-  
22 ers and principals.

23 (B) DISTRIBUTION.—A local educational  
24 agency receiving a bonus award under this  
25 paragraph shall determine how to distribute the

1           award to individual elementary schools and sec-  
2           ondary schools. An elementary school or a sec-  
3           ondary school receiving such an award shall de-  
4           termine how such award shall be spent.

5                   (C) FUNDING OF BONUS AWARDS.—Of the  
6           amounts transferred to the Trust Under section  
7           3(b); the Secondary shall set aside no more  
8           than 5 percent of the total amount to be used  
9           for bonus awards.

10          (g) PENALTY.—If a failing local educational agency  
11       spends funds subject to the use of funds restrictions de-  
12       scribed in subsection (d) in a manner inconsistent with  
13       subsection (d) for a fiscal year, then the Secretary shall  
14       reduce the funds such agency receives under section  
15       103(a) for the succeeding fiscal year by an amount equal  
16       to the amount spent improperly by such agency.

17       **SEC. 7. AUDIT.**

18          (a) IN GENERAL.—The Secretary may conduct audits  
19       of the expenditures of local educational agencies under  
20       this Act to ensure that the funds made available under  
21       this Act are used in accordance with this Act.

22          (b) SANCTIONS AND PENALTIES.—If the Secretary  
23       determines that the funds made available under section  
24       4 were not used in accordance with this Act, the Secretary  
25       may use the enforcement provisions available to the Sec-

- 1 retary under part D of the General Education Provisions
- 2 Act (20 U.S.C. 1234 et seq.).

